

October - December
2003



WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

Illegal Card Games Busted!

Last April, Special Agents of the Washington State Gambling Commission and officers of the Pullman Police Department served a search warrant at a residence in Pullman, Washington. The search warrant was the result of an undercover investigation into a private, unlicensed professional gambling operation.

The operation involved a poker game called Texas Hold'em, as well as blackjack games from which the operator of the game collected a percentage of each pot as a fee for operating the game. It is believed that thousands of dollars in illegal bets were made at these games.

An illegal game was in progress when special agents and officers arrived with a search warrant. All people present were arrested and transported to the Pullman Police Department for processing.

In addition to the gambling charges, alleged incidents of providing liquor to minors and possession and/or distribution of false identification documents are also under investigation.



Items seized as evidence during the search included, playing cards, chips, cash, computers, and professional type gaming tables. Thirteen people were arrested on charges ranging from Professional Gambling 2nd Degree (Class C Felony) to Professional Gambling 3rd Degree (Gross Misdemeanor).

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Alan Parker, Vice Chair
Curtis Ludwig
George Orr
Judge Janice Niemi (Ret.)

Ex-Officio Members:

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Senator Shirley Winsley
Representative Alex Wood
Representative Cheryl Pflug

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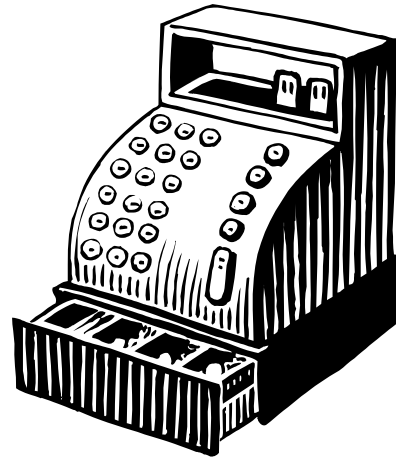
Minimum Pull-Tab Purchases

By Claudia Biermann, Special Agent Supervisor

Have you ever wondered if pull-tab licensees can set a minimum purchase requirement for pull-tabs sold at a licensed premise? For example, if a player wants to purchase pull-tabs from a particular game that is in play, can the operator require the player to buy a minimum dollar amount? The answer is yes. Operators can establish minimum purchase requirements, and not all games in play have to have the same minimum purchase requirement.

Operators choosing to set minimum purchase requirements must establish house rules that include all the conditions regarding the minimum purchase requirement. The house rules must be clear and understandable, and posted in plain view of the players.

Operators may also assemble pull-tabs into bundles with a sales price of up to \$20. All bundles must be thoroughly mixed prior to being sold to the public. If you have questions regarding minimum purchase requirements or bundling pull-tabs, please contact your local gambling field agent. See back page for contact information.



Undercover Surveillance at Card Rooms

Did you know there are undercover (UC) agents working in card rooms? That player at your table could be a Gambling Commission agent.

During the development of the house-banked card room program, it was determined that undercover visits would be needed, in addition to normal inspections. We have conducted UC visits at tribal casinos for many years. Undercover visits reveal anomalies that might be present, or would purposely be avoided during an announced inspection by Commission agents who are identified at the business.

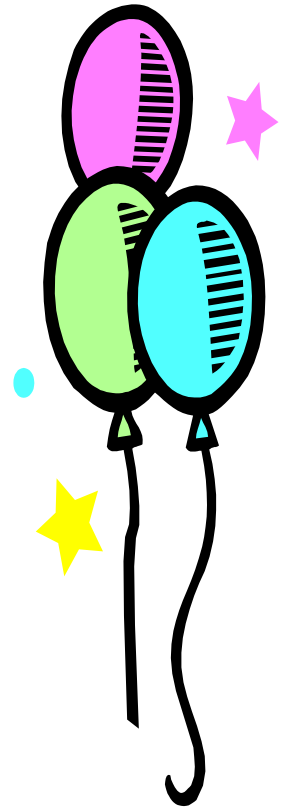
Undercover agents are special agents of the WSGC who do not wear any identification, in effect, disguising themselves as gamblers and customers. When agents are undercover, they gamble with funds paid by card rooms and tribal casinos.

Agents look for dealer violations, cheating, any other illegal activity, and security procedures. After the visit, a detailed report is prepared and sent to the agent in Field Operations who is assigned to that premise.

(Continued on Page 4)

Thanks to the First Licensees to File Activity Reports!

Following are the licensees that were first to submit their quarterly activity reports for the second quarter of 2003. Licensees that report early or on time assist us in timely publishing gambling statistics. Thank you for your compliance and assisting us with publishing various statistical reports in a timely manner. One of these reports is on page 19.



<u>Card Rooms</u> Porterhouse Restaurant, Moses Lake Homeplate Bar & Grill, Spokane Torch Lite Restaurant, Lakewood Thunderbird Casino & Lounge, Yakima New Grove, Everett	<u>Commercial</u> <u>Punchboard and Pull-Tab</u> Harrison's Sports Pub Grill & BBQ, Centralia Swamp Tavern, Spokane Elmer's Pancake & Steak House, Tacoma Mavericks Bar & Grill, Tonasket Dragon Lair, Vancouver
<u>Nonprofit</u> <u>Bingo and Punchboard/Pull-Tab</u> Loom 01865, Lakewood FOE Aux 02338, Port Orchard FOE 02241, Pasco Bingo for Kids Causes, Renton FOE 00172, Seattle	<u>Nonprofit</u> <u>Punchboard and Pull-Tab</u> 40 & 8 00091, Aberdeen American Legion 00025, Kelso BPOE 01450, Puyallup VFW 07395, Odessa American Legion 00015, Kent

Arrests made for Fraud at Tribal Casino

Two people were arrested October 23, 2003, at the Kalispel Tribal Casino in Airway Heights after a four week investigation into cheating and fraud of the tribal lottery system (TLS) machines. While this fraud was being conducted, no customer or game outcome was affected.

Special Agents of the Gambling Commission, working with the Kalispel Tribal Gaming Agency, Kalispel Tribal Police, the Spokane Police and Sheriff's Departments, and the Spokane County Prosecutor's Office arrested Wade A. Henricksen, age 19, and Renee S. Gerhard, age 41, both of Spokane.

They were charged with theft in the first degree and cheating in the first degree. The prosecution will be conducted by the United States Attorney in federal court.

The defendants allegedly copied TLS tickets and inserted two tickets into two TLS machines at the same time. At times, both machines would pay out.

The scheme resulted in estimated financial losses to the Kalispel Tribe exceeding \$70,000 between July 17th and September 23rd.

The TLS manufacturer provided a software program to correct the glitch. Gambling agents and technicians from the Commission's Electronic Gambling Lab, along with each individual Tribal Gaming Agency, have checked each tribal casino in the state that operates the same type of TLS to make sure the software fix installed in each system have corrected the problem. This is an excellent example of how WSGC, tribal regulatory agencies and local law enforcement work together in tribal casinos.

(Undercover Surveillance - Continued from page 2)

This differs from the tribal casinos, where the reports are sent to the Tribal Gaming Agency of the tribe.

Overview of Discoveries from Undercover Surveillance

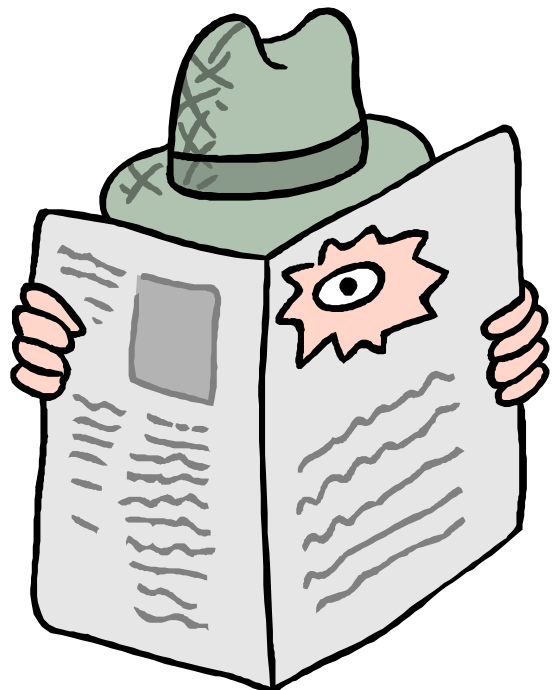
The UC agents who are performing the UC visits are the same agents who do undercover visits at tribal casinos. Discrepancies noted are not one-time events. The list below is a summary of discrepancies noted by the UC agents during visits to house-banked card rooms and tribal casinos:

- Improperly labeled drop boxes
- “Burn cards” not used
- Exchanging of chips between players being allowed
- Gaming rules not followed as stated in internal controls
- Dealers not monitoring wagers, allowing them to exceed limits
- Dealers cupping/palming chips when passing to patrons
- Internal controls not followed during drop box pickup
- Procedural errors by dealers including:
 - Setting cards
 - Card count
 - Touching body without clearing hands
 - Improper payouts
 - Improper calculation of commissions for Pai Gow
 - Mishandled money for buy-ins
 - Made change from his/her pockets
 - Played in tournaments
- Dealers double paying wagers due to player placing next hand’s bet out (dealer procedure errors)
- Dealers paying pushes
- Dealers not collecting losing bets
- Dealers paying losing bets
- Floor persons and/or security leaving table during fills before chips are secured
- Floor person not in pit during gaming
- Floor person not verifying chips when changing up to \$500
- Table limits not posted
- Rules not posted
- Dealers not breaking down stacks of chips when receiving fills to verify correct amount
- Dealers playing hands for players by not waiting for hand signals to hit or stand in Blackjack
- Dealers cheating for players by ignoring signal to stand when dealer had looked at next card

- Dealers making change or “coloring up” announcement but not waiting for floor supervisor’s response
- Dealers announcing change for supervisor but being answered by other dealers as supervisor not responsive and dealer proceeding with game
- Dealers unable to calculate proper payouts in games with graduated payouts and paying wrong amounts
- Dealers not spreading chips for cameras in games with bonus buy-ins
- Dealers taking hits when not required (“hard” 17)
- Dealers being told to meet player in parking lot for additional tokens

Several dealers have been charged criminally or have had their gambling licenses revoked for violations with UC agents present. Remember that state law (RCW 9.46.196) was changed a few years ago and in that revision, persons who hold a gambling license are guilty of a Class C felony if they cheat, either by themselves or with another person(s). It could involve up to a \$20,000 fine in addition to other penalties assessed (like time in jail).

Our mission is to keep gambling legal and honest and the use of undercover agents is one of the tools we use in this endeavor.



Mandatory Training Changes

By Cindy Reed, Special Agent

Beginning January 2004, applicants for gambling licenses will not be required to attend instructor-led Mandatory Training classes as the only way to satisfy the requirements of WAC 230-04-020(5)(b). Instead of instructor-led classes, the training handout will be mailed to applicants along with an affidavit to sign and return stating that the applicant has read the contents of the handout and under-

-stands they are responsible to comply with all gambling laws and rules. If applicants have questions, they should contact their local gambling agent.

Web based training on the agency website will remain updated and the Power Point instruction slides for bingo will be added to the site, as an aid for licensees who want to review rules. Furthermore, the most current version of all training handouts are on our website at www.wsgc.wa.gov.

Current licensees that do not have Internet access may request a copy of training handouts from our agency receptionist at (800)345-2529, ext. 3440.

Classroom instruction for license applicants will remain available through the first quarter of 2004 and then will be discontinued. Staff is reviewing the possibility of offering quarterly update instruction for licensees in the future.

MANDATORY TRAINING SCHEDULE 1ST QUARTER 2004

Attendees **DO NOT** need to register. There is no cost for these classes.

Northwest Region

(425) 339-1728, Ext. 221

Date / Location	Time	Class Title	Directions
Jan. 6, Feb. 3, Mar. 2 Gambling Commission 3501 Colby Avenue Suite 102 Everett, WA	9:00 am – 11:00 am	Punch Boards / Pull-Tabs	I-5 Going South: Take <i>Exit 192</i> (41st Street / Evergreen Way). Follow exit ramp to the <i>right towards Evergreen Way</i> . Turn RIGHT at first light on COLBY . Everett Field Office is at 3501 Colby on east side of Road.
	11:00 am – 12:00 pm	Raffles	
	* By Appointment ONLY – If training is needed, call the NW Regional Office at (425) 339-1728, Ext. 226	Bingo *	I-5 Going North: Take <i>Exit 192</i> (Broadway & Naval Base exit). <i>Exit is on the LEFT SIDE of I-5</i> . Follow <i>exit ramp to the right</i> and <i>take the 41st Street exit</i> . Turn RIGHT onto COLBY . Everett field office is at 3501 COLBY on the RIGHT (east) side of the street.

Eastern Region

(509) 329-3666, Ext. 228

Date / Location	Time	Class Title	Directions
Jan. 6, Feb. 3, Mar. 9 Gambling Commission Conference Room 256 N. 901 Monroe Spokane, WA	9:00 am – 11:00 am	Punch Boards / Pull-Tabs	Call the Regional Office for Specific Directions
	* By Appointment ONLY – If training is needed, call the Eastern Regional Office	Bingo *	
		Raffles *	

Southwest Region

(253) 471-5312, Ext. 221

Date / Location	Date/Time	Class Title	Directions
Jan. 7, Feb. 4, Mar. 3 South Park Community Center 4851 S. Tacoma Way Tacoma, WA	8:30 am – 10:15 am	Punch Boards / Pull-Tabs	From I-5: Take <i>Exit 130 going west</i> (56 th Street). Proceed west on 56 th . Turn right on South Tacoma Way and proceed north until you reach the 50th Street and South Tacoma Way intersection (stop light). The community center (white building) is on your immediate right at this intersection. Turn right and park.
	10:30 am – 11:45 am	Bingo	
	12:00 pm – 12:45 pm	Raffles	
Mar. 2 Red Lion Hotel Exit 39 off I-5 510 Kelso Drive Kelso, WA	10:00 am – 12:00 pm	Punch Boards / Pull-Tabs	I-5 Going North: Take <i>Exit 39</i> . Turn Right onto Allen St. Turn Right onto Kelso Drive .
	1:00 pm – 3:00 pm	Bingo	
	** By Appointment ONLY – If training is needed, contact your Agent	Raffles **	I-5 Going South: Take <i>Exit 39</i> . Turn Left onto Allen St. Turn Right onto Kelso Drive .

Classes for Commercial Amusement Games (Class B and above) and Fund-Raising Events – Call our regional office closest to you.

Proposed Rule Changes Under Discussion

More information and text of these proposed changes are posted on our website under Public Meetings/January 2004, Commission meeting. Submit your comments on proposed rule changes in writing to: Susan Arland, Rules Coordinator, P.O. Box 42400, Olympia, WA 98504, or e-mail Susana@wsgc.wa.gov; or please attend a Commission meeting.

Increased Betting limits

The Recreational Gaming Association's Petition to increase card room betting limits from \$100 to \$300 was discussed at the August, September, October, and November Commission Meetings.

At the October meeting, Commissioner Orr proposed an amendment that would raise the betting limit to \$200 rather than \$300, and have it be based on the number of tables authorized in a card room:

- Five or fewer tables would have one table at the higher limit;
- Six to ten tables would have two tables at the higher limit;
- Eleven to fifteen tables would have three tables at the higher limit.

The proposal would also have the increased betting limits run only through 2004, and sunset (end) after that. In order for it to continue, another rule proposal would have to be made.

The amended petition was discussed at the November meeting and held over until the January 8, 2004, meeting in Seattle.

At this time, we have received 5 letters and 59 e-mails opposing increased betting limits and 4 letters and 73 e-mails supporting it, additionally 84 people visited our website and signed-up in support of the petition.

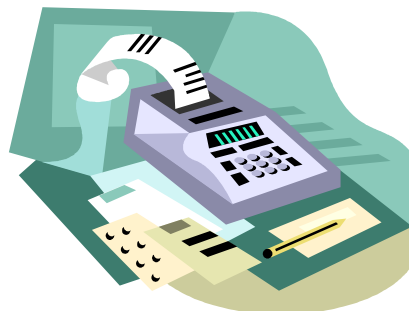
There has been a lot of testimony both for and against increased betting limits at the Commission meetings.

Petition for Rule Change WAC 230-30-072

At the November meeting, the Commission filed a Petition for Rule Change submitted by Valerie Storkson, Stork's Restaurant and Lounge, to amend pull-tab inventory requirements.

WAC 230-30-072 (2) requires pull-tab operators to affix identification and inspection services (I.D.) stamps to a distributor's invoice prior to a pull-tab game being put out for play. The petitioner requests a rule amendment to allow pull-tab operators to place I.D. stamps on the invoice after the game is removed from play. The petitioner indicates this would better facilitate her inventory control method.

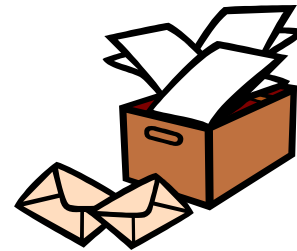
Staff feel current inventory requirements are effective and necessary in our regulatory program. Staff has suggested two options for the petitioner to deal with her inventory concerns without going through the process of a formal rule change. Therefore, at the January 9, 2004, Commission meeting, staff will recommend the Commission vote to not adopt the proposed rule change.



Minimum Bankroll WAC 230-40-833

The proposed amendment would require house-banked card rooms to maintain a minimum bankroll to pay out all advertised prizes and chips that are in play.

Due to technical issues with the minimum bankroll worksheet, at the January 9, 2004, Commission meeting, staff will recommend that the Commission not adopt the rule and remove it from discussion. Staff may re-file the rule at a later date.



Audits & Reviews of Financial Statements WAC 230-40-823

This amendment would require house-banked card rooms with gross receipts of \$3 million or less to have "reviewed" financial statements and operators above \$3 million to submit "audited" financial statements. There has been a lot of discussion about compiled versus audited financial statements and whether \$3 million is the best threshold.

It is anticipated the Commission will adopt this change at the January 9, 2004, meeting to become effective February 9, 2004.

Administrative Case Update

By: Robin Brown, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Blue Yonder Café, Everett	Owner's failure to fully disclose criminal history, and providing false and misleading statements to Commission staff.	The licensee agreed to serve five days of a seven-day suspension. The remaining two days were vacated by a \$1,098 fine. The licensee also agreed to reimburse the Commission's costs of \$2,600.
Roxbury Restaurant, Seattle	Operating gambling activities without a valid license.	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by a \$1,810 fine and reimbursement of the Commission's costs of \$825.
Club Broadway/Big Apple Casino, Everett	Understating wages on its Quarterly Activity Report, and failure to maintain accurate payroll records	The licensee agreed to a five-day suspension. Two days were deferred for one year. The remaining three days were vacated by a \$2,500 fine, and reimbursement of the Commission's costs of \$500.
Kelly's Tavern, Seattle	Failure to maintain monthly pull-tab records and winning tabs	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by a \$825 fine, and reimbursement of the Commission's costs of \$1,537.
Music Works Northwest, Renton	Failure to maintain required pull-tab records, failure to adequately safeguard assets, and failure to disclose loans.	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by a \$2,500 fine.
Easton Saloon, Easton	Failure to provide required information on substantial interest holders.	A hearing was held. The Administrative Law Judge (ALJ) ordered that the license be revoked.
Funster's Grand Casino, Seatac	Failure to fund progressive jackpot account, failure to have adequate cash cage funds available, and failure to timely pay gambling taxes.	The licensee filed for Chapter 11 Bankruptcy Protection, which was subsequently converted to Chapter 7. The bankruptcy judge ordered the business closed pending asset liquidation.
Valerie Colson, Card Room Employee (CRE), formerly employed at Chips Casino, Bremerton	Theft	The licensee failed to respond; therefore, an Order of Default revoking her license was issued at the October Commission meeting.
Nicky Fair CRE, formerly employed at Cleopatra's Cable Bridge Casino, Kennewick	Operation of a dealer school without first obtaining the required Service Supplier license.	A hearing was held. The ALJ ordered that the license be revoked.
Jason Fernandez CRE, formerly employed at Silver Dollar Casino, Mountlake Terrace	Failure to disclose criminal history.	A hearing was held. The licensee failed to appear; therefore, the ALJ issued an Order of Default revoking his license.

Administrative Case Update

Name	Violation	Case Outcome
Jason Fernandez CRE, formerly employed at Silver Dollar Casino, Mountlake Terrace	Failure to disclose criminal history.	A hearing was held. The licensee failed to appear; therefore, the ALJ issued an Order of Default revoking his license.
Antone Perkins CRE, formerly employed at the Silver Dollar Casino, Mountlake Terrace	Criminal History and Willful Disregard	The licensee failed to respond; therefore, an Order of Default revoking his license was entered at the September Commission meeting.
Chi-Shing (Benny) Lee CRE, formerly employed at Roman Casino, Seattle	Summary Suspension – Criminal History	A hearing was held. The ALJ ordered the license revoked.
Tsz Kin Yu CRE, formerly employed at Silver Dollar Casino, Seatac	Summary Suspension – Criminal History	A hearing was held. The ALJ ordered the license revoked.
Tia Seto CRE, formerly employed at Wizards Casino, Burien	Cheating	The licensee failed to respond; therefore, an Order of Default revoking her license was issued at the October Commission meeting.
Vannath Heng CRE, formerly employed at Cascade Lanes, Renton	Cheating	A hearing was held. The ALJ issued an Order revoking the license. The licensee appealed, and at the August Commission meeting, the Commissioners upheld the ALJ's Order.
Deborah Striplin CRE, formerly employed at Hank's Casino, Belfair	Cheating	The licensee agreed to surrender her license and not reapply for one year.
Robie Robinson CRE, formerly employed at River Bend Casino, Spokane, and Class III employee, Kalispel Casino, Airway Heights	Failure to follow internal control procedures.	The licensee agreed to a six-month suspension.

We're On The Web At www.wsgc.wa.gov

The next Commission meeting will be held:

**February 12 & 13, 2004
Red Lion Hotel - Olympia
2300 Evergreen Park Drive
Olympia, WA 98502 – (360) 943-4000**



Fines Paid for Late Activity Reports

The following licensees failed to submit their quarterly reports when due for the second quarter of 2003. They have now submitted their reports and paid a fine based on the number of late reports in the preceding one-year period.



Schedule of Fines

First Offense	\$300
Second Offense	\$500
Third Offense	Administrative Charges to revoke gambling license
Additional offenses may lead to loss of license	

<u>Licensee Name and Location</u>	<u>Fine</u>
Garbe's/Chehalis	\$500
Mikki D's/Spokane	\$300
Norma's Restaurant & Lounge/Elk	\$300
Shorthorn Tavern/Omak	\$300
Shotze's/Arlington	\$300
Shotze's Rack N' Roll/Everett	\$300
Silver Lake Lounge/Medical Lake	\$300
Spokane House Restaurant & Lounge/Spokane	\$300
Sportsman Bar & Grill/Chewelah	\$300

Administrative Charges Issued for Late Activity Reports

Administrative Charges were issued against the following licensees for failing to submit their Quarterly Activity Reports when due.

LICENSEE	VIOLATION	CASE OUTCOME
Christos, Bellingham Mel's, Seattle	Failure to timely submit QAR for the 1 st quarter of 2003	The licensees agreed to a fifteen-day suspension. Five days were deferred for two years. The remaining ten days were vacated by payment of a \$750 fine and reimbursement of the Commission's costs of \$300.
1) Tucan's Restaurant & Lounge, Quincy 2) Peerless Restaurant & Lounge, Oroville 3) Watertown Pub & Grill, Anacortes	Failure to timely submit QARs for the 2 nd quarter of 2003	The licensees agreed to a fifteen-day suspension. Five days were deferred for two years. The remaining ten days were vacated by payment of a \$750 fine and reimbursement of the Commission's costs of \$300.
Woodshed Tavern, Belfair	Failure to timely submit QARs for the 3 rd and 4 th quarters of 2002	The licensee agreed to a thirty-day suspension. Fifteen days were deferred for two years. The remaining fifteen days were vacated by a \$1,200 fine and reimbursement of the Commission's costs of \$600.
Richie D's Bar & Grill	Failure to timely submit QARs for the 2 nd quarter of 2003. Agreed Order violation.	The licensee agreed to a twenty-day suspension. Eight days were deferred for two years. The remaining twelve days were vacated by a \$1,000 fine and reimbursement of the Commission's costs of \$300. The licensee also served the previous five-day deferred suspension from October 1 through October 6, 2003.
Conway Pub & Eatery, Conway	Failure to timely submit QARs for the 2 nd quarter of 2003. Agreed Order violation.	The licensee agreed to a thirty-day suspension, which was served from October 13, 2003 through November 12, 2003.
Tip Top Tavern, Vancouver	Failure to timely submit QAR for the 1 st quarter of 2003	The licensee failed to respond; therefore, an Order of Default revoking the license was issued at the October Commission meeting.
Hadlock House, Port Hadlock	Failure to timely submit QAR for the 2 nd quarter of 2003	The licensee failed to respond; therefore, an Order of Default revoking the license was issued at the October Commission meeting.
1) 1896, Startup Alyces Restaurant, Everett 2) T & E Grill, Thorp	Failure to timely submit QARs for the 1 st and 2 nd quarters of 2003	The licensees failed to respond; therefore, Orders of Default revoking the licenses were issued at the October Commission meeting.

2004 Commission Meeting Schedule



January 8th & 9th

Red Lion Hotel - Sea Tac
18220 International Blvd
Seattle, WA 98188 -- (206) 246-5535

February 12th & 13th

Red Lion Hotel - Olympia
2300 Evergreen Park Drive
Olympia, WA 98502 – (360) 943-4000

March 11th & 12th

Red Lion Hotel - Olympia
2300 Evergreen Park Drive
Olympia, WA 98502 – (360) 943-4000

April 8th & 9th

Phoenix Inn Suites
415 Capitol Way N
Olympia, WA 98501 – (360) 570-0555

May 13th & 14th

Red Lion Hotel at the Park
303 W North River Drive
Spokane, WA 99201 -- (509) 326-8000

June

No Meeting!

July 8th & 9th

LaConner Maple Hall
108 Commercial Street
LaConner, WA 98257 – (360) 466-3101

August 12th & 13th

The Heathman Lodge
7801 NE Greenwood Drive
Vancouver, WA 98662 – (360) 254-3100

September 9th & 10th

Hampton Inn/Foxhall
3985 Bennett Drive
Bellingham, WA 98225 – (360) 676-7700

October 14th & 15

Best Western Icicle Inn
505 Highway 2
Leavenworth, WA 98826 – (509) 548-7000

November 18th & 19th

Red Lion Hotel-Yakima Center
607 East Yakima Ave
Yakima, WA 98901 -- (509) 248-5900

December

No Meeting!

For your convenience, this page was intentionally left “blank” so you can remove the 2004 Commission meeting schedule from the newsletter and post it.



AMENDATORY SECTION

WAC 230-12-050 Extension of credit, loans, or gifts prohibited--Limited exception. No licensee, member or employee thereof shall extend credit, make a loan, or grant a gift to any person playing in an authorized gambling activity, or which enables a person to play in an authorized gambling activity.

Gifts prohibited--Exceptions.

(1) Gifts are items licensees give away to its customers and are not connected to gambling activities regulated by the commission. Licensees shall not offer gifts in conjunction with gambling activities, with the following exceptions:

(a) Promotions are allowed as authorized by WAC 230-12-045;

(b) Transportation services provided to and from gambling activities;

(c) Free or discounted food, drink or merchandise may be provided under the following conditions:

(i) The actual cost of any individual item may not exceed five hundred dollars;

(ii) The merchandise shall not be traded back to the licensee for cash or be used to further participate in an authorized gambling activity;

((e)) (d) For each individual gift with an actual cost over one hundred dollars, charitable and nonprofit organizations shall prepare and maintain a written record with the following information:

(i) How the recipients of the gifts were selected;

(ii) The number of gifts awarded; and

(iii) The total cost of each gift given.

Credit and loans prohibited--Exceptions.

(2) The consideration required to participate in the gambling activity shall be collected in full, by cash, check, or electronic point-of-sale bank transfer, prior to participation, with the following exceptions:

Punch boards/pull-tabs.

(a) The consideration paid for the opportunity to play a punch board or pull-tab series may be collected immediately after the play is completed only when such consideration is ten dollars or less;

Charitable/nonprofit organization's billing system for members.

(b) When a bona fide charitable or bona fide nonprofit organization conducting any of the activities authorized by chapter 9.46 RCW or commission rules has a regular billing system for all of the activities of its members with such organization, such billing system may be utilized in connection with the playing of any of the activities authorized hereunder if:

(i) The playing of such activity is limited to regular members of such organization who have become regular members prior to the commencement of such activity and whose qualifications for membership were not dependent upon, or in any way related to, the playing of such activity; and

(ii) The director has given prior written consent to the use of such billing system in connection with the conduct of activities authorized under these rules.

Raffle tickets purchased with credit cards.

(c) Charitable or nonprofit organizations utilizing credit cards, issued by a state and/or federally regulated financial institution, for payment to participate in raffles.

AMENDATORY SECTION

WAC 230-20-050 Use of proceeds. No part of the proceeds of any bingo game, raffle, or amusement game conducted by a bona fide charitable or bona fide nonprofit organization, except qualified agricultural fairs, shall be used for the benefit of any person other than the organization conducting the activity; except that if the activity is conducted by a licensee for the charitable benefit of a specific person or persons who have been listed as recipients of the proceeds, or a specified portion thereof, on the application for a license to conduct the activity, then the proceeds or specified portion thereof, may be used for the benefit of such specific person or persons so designated if commission approval has been obtained prior to the organization conducting the activity for that purpose(~~Provided, That for the purposes of this section, a licensee providing transportation to bingo players under the guidelines of WAC 230-20-052 shall not be deemed in violation of this rule~~)).

REPEALED SECTIONS

230-20-052 Transportation provided to bingo players.

230-20-190 Bingo card prices.

AMENDATORY SECTION**WAC 230-20-242 Activities conducted as a part of bingo games--Authorization--Restrictions.**

Bingo licensees may award prizes to winners of activities authorized by this section when such activities are conducted as a part of bingo games. Such activities shall be deemed to be bingo games if all players paying to participate are allowed to compete equally and all prizes awarded are treated as bingo game prizes for purposes of compliance with WAC 230-20-059.

(1) Drawings. Each licensee shall be allowed to award prizes that are determined by a random drawing of tickets or by other random selection methods involving the numbering system on such tickets if the requirements of WAC 230-20-105 are followed: Provided, That upon approval by commission staff, a licensee may use bingo cards in place of tickets if the requirements of WAC 230-20-107 are followed, and:

(a) All rules regarding these drawings, including requirements to qualify for participation, time and date of the drawing, and whether a player must be present to win, are clearly posted and distinctly explained to the players;

(b) Tickets or other facsimiles used to enter such drawings are awarded only to players purchasing cards to play in bingo games;

(c) Tickets, from which the winners of any such drawing are selected, shall not be accumulated for a period that is longer than thirty days. Drawings may be conducted using tickets that accumulate during any bingo occasion, week, or any other period that does not exceed thirty consecutive days;

(d) Players may only be awarded or otherwise receive tickets to participate in drawings at bingo games by meeting the following criteria:

(i) Pay an amount not to exceed one dollar per ticket. If a licensee elects to charge for entry into drawings, such drawings shall not be combined with other means of entry allowed by this subsection, and the gross gambling receipts, prizes, and expenses shall be recorded and reported as bingo activities: Provided, that if players are required to purchase tickets to enter the drawing, they shall not be required to be present to win if the drawing is not held at the same session as tickets are purchased;

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<p>(ii) Be a winner of a bingo game during the session;</p> <p>(iii) Be a "good neighbor" winner, as defined by subsection ((3)) (2) of this section; or</p> <p>(iv) Meet other specific and predetermined criterion that has been approved by the director;</p> <p>(e) The criterion for granting tickets, and the number of tickets awarded during each session, shall be recorded in the daily bingo record for each session. All winning tickets and other records shall be maintained as a part of the daily bingo records.</p> <p>(2) ((Creativity and originality contests. A bingo licensee may conduct contests in which players may demonstrate their creativity and originality skills on up to eight occasions annually. The following rules must be observed in conducting these contests:</p> <p>(a) The total value of prizes shall not exceed five hundred dollars during any occasion;</p> <p>(b) Only players who have paid to participate in bingo games during the current session may participate in the contest; and</p> <p>(c) A record shall be completed for each contest setting out the criterion for selecting the winners, the number of participants in the contest, and all details required by WAC 230-08-080 and 230-20-102. Such records shall be maintained as a part of the daily bingo records.</p> <p>(3)) "Good neighbor" prize schemes. A licensee may award prizes based upon the seating location of a player or players in regards to a winner of a bingo game or other approved criteria. The following requirements must be observed prior to awarding "good neighbor" prizes:</p> <p>(a) All rules regarding these prizes, including the amount to be awarded to each "good neighbor" or group of "good neighbors" and all requirements to qualify for a prize, must be clearly posted and distinctly explained to the players; and</p> <p>(b) A record shall be completed setting out the criterion for awarding such prizes, the number of such prizes awarded during each session, and all details required by WAC 230-08-080 and 230-20-102. Such record shall be maintained as a part of the daily bingo records.</p> <p>((4)) (3) Second element of chance schemes. Licensees may use these schemes to increase the minimum prize for a bingo game after the winner(s) of the game has been determined by calling numbers and symbols if:</p> <p>(a) The schemes do not involve the use of gambling devices specifically prohibited by public policy or commission rules;</p> <p>(b) A player's minimum odds of winning the highest prize is equal to or greater than one winner out of one hundred twenty-five chances</p>	<p>or the probability of winning the highest prize is .008 or greater;</p> <p>(c) The scheme does not require the player to risk any portion of a prize already won;</p> <p>(d) Every possible outcome of the scheme provides the player with an additional prize;</p> <p>(e) All rules regarding play of the game are clearly posted and distinctly explained to the players. At least the following information shall be disclosed:</p> <p>(i) The players minimum odds of winning the highest prize;</p> <p>(ii) How a winner is determined;</p> <p>(iii) Any contingencies or special requirements that may affect the outcome;</p> <p>(iv) The cash value of the highest prize available; and</p> <p>(v) Any financial burden that must be borne by the winner, such as taxes or registration fees.</p> <p>(f) All requirements of WAC 230-20-010 are met before cards are purchased; and</p> <p>(g) The scheme and supporting records contain control factors necessary for commission audit.</p> <p>((5) Birthday bonus prizes. Licensees may offer birthday bonus prizes to players who win a bingo game subject to the following restrictions:</p> <p>(a) The maximum bonus prize is fifty dollars;</p> <p>(b) The player's birthday must be within the calendar week that the winning combination occurred and the bonus is paid;</p> <p>(c) A licensee may award only one birthday bonus to any player during any calendar year;</p> <p>(d) In addition to all requirements of WAC 230-20-102, the prize receipt for such prizes must include:</p> <p>(i) The address of the winner;</p> <p>(ii) The player's date of birth; and</p> <p>(iii) The type of identification provided by the player to verify the winner's date of birth.))</p>	
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AMENDATORY SECTION

WAC 230-40-055 Card tournaments for fee and prizes -- Reporting requirements. A card tournament wherein a fee is charged to the participants and prizes are awarded to the winning players shall be licensed by the commission.

License not required.

(1) Card room licensees with a Class A, B, E, F or house-banked license may conduct a card tournament for a fee without obtaining a card tournament license: Provided, That licensees are limited to only those card games authorized under their license class.

Class D licensees.

(2) Card room licensees with a Class D license must first obtain a card tournament license before they can conduct a card tournament in which the players are charged a fee to enter.

Notification.

(3) The licensee shall notify the commission ten days in advance of any card tournament where the single or multiple buy-in exceeds fifty dollars.

Length of tournament.

(4) A card tournament shall not exceed ~~((ten))~~ thirty consecutive calendar days.

Entry fees.

(5) The fee for a player to enter a card tournament for prizes shall not exceed ~~((fifty))~~ one hundred dollars. The ~~((fifty dollar))~~ fee shall include all separate fees which might be paid by a player for various phases, events of the tournament, food and drink offerings, and promotional material.

Posting entry fee requirements.

(6) The fee to enter a tournament and a description of all goods and services to be provided as a part of the tournament must be fully disclosed to each entrant prior to their paying such fee. Such disclosure must be posted conspicuously on the premises at the time payment is received and remain posted until the tournament is complete.

Customer appreciation.

(7) Operators may offer customer appreciation tournaments ~~((: Provided, That the pretournament play requirements do not exceed the fifty dollar entry fee limitation: Provided, That licensees collecting fees using the rake method (WAC 230-40-050) cannot require pretournament play to exceed ten hours))~~. The licensee shall conspicuously post entry and buy-in requirements.

(a) Entrants in such tournaments must initially be provided with the same number of chips or points and the same opportunity for rebuys.

(b) All prizes awarded for customer appreciation tournaments may be deducted as prizes for determining adjusted net gambling receipts.

Fees are gross gambling receipts - exception for food and gifts.

(8) All fees paid to enter a tournament shall be reported as gross gambling receipts: Provided, That if an operator prepares and provides food and drink items to all tournament entrants on the licensed premises as a part of their entry fee, the fair market value of the food and drink provided, not to exceed twenty-five dollars or fifty percent of the entry fee, which ever is greater, shall be treated as sales of food and drink for on premises consumption and not included as gross gambling receipts. Such sales, must be properly supported by records: Provided further, That if an operator provides items promoting the tournament or licensed business, such as hats, t-shirts, etc., to all participants as a part of their entry fee, the actual cost of such items, supported by invoices and other such records, shall be deducted as prizes in determining adjusted net gambling receipts.

Buy-in.

(9) In addition to the entry fee, a minimum buy-in of chips may be required. The total buy-in per player shall not exceed four hundred dollars per tournament and may be either a single or multiple buy-in during the course of the tournament. A record of the buy-ins for each participant will be

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maintained by the licensee in a format provided by the commission. All buy-ins of chips are not gross gambling receipts and shall be returned to the participants in the form of prizes. Prizes from buy-ins are not deductible for commercial stimulant purposes.

Prizes.

(10) The chips used in card tournaments shall have no monetary value and may be redeemed only for prizes established by the licensee. The licensee may award prizes in excess of those entry fees collected as authorized in subsection (5) of this section. The licensee's actual cost, including any cash, for prizes awarded to the players may be deducted as prizes for determining adjusted net gambling receipts generated by the entry fees.

Posting and approval of rules.

(11) The licensee shall adopt tournament rules to facilitate the operation of card tournaments: Provided, That all tournament rules for tournaments where the single or multiple buy-in exceeds fifty dollars must be submitted to commission staff for approval: Provided, That once a tournament format is approved, notification will be sufficient for all subsequent tournaments identical in format and play. All tournament rules must be conspicuously posted where all tournament participants can see and read the rules.

Recording fees and players.

(12) The licensee shall maintain a record of all such fees collected and the number of participant for each tournament conducted. This information shall be entered in a format approved by the commission. The total gross gambling receipts for the tournament shall be entered on the card room daily control sheet for the time and date the tournament begins and the record of participants shall be attached and maintained with that daily control sheet.

Prize records.

(13) The licensee shall maintain a record of all prizes awarded to include the amount the licensed operator actually paid for each prize and the name and complete address of each winning participant:

Provided, That the name and address of each participant receiving promotional items as set forth in subsection (8) of this section shall not be required on the prize record. The record shall be attached to the daily control sheet used on the date the majority of the prizes are awarded.

Our Mission:
Protect the Public By Ensuring that Gambling Is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham	(360) 738-6203	Spokane	(509) 329-3666
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Washington State Gambling Commission

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